

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

VOLUME 1

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE J. CRAIG WHITLEY,
UNITED STATES BANKRUPTCY JUDGE

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1 from Johnson & Johnson parent, true?

2 A This is an SOP document from the parent, yes.

3 Q From the parent. It's -- and, and I was provided these,
4 looks like four pages. There's no signators to it. It's not
5 like it's an arm's-length negotiation where somebody on behalf
6 of J&J is negotiating with JJCI regarding payment of anything?

7 A I don't see any signature lines or, or anything.

8 Q So what we know, then, is that Johnson & Johnson, the
9 parent company, has a, has created a policy regarding the
10 payment of legal fees and impose that upon JJCI, correct?

11 A No. I -- I would -- I would say this basically
12 memorializes what the, the standard has always been, which is
13 because of the strategy of decentralization all liability and
14 responsibility for products are given to the operating company.
15 And so this just memorializes that the accounting for that
16 would follow that, that, you know, all the liability would
17 come, again, for any product expense, product liability
18 expenses or, or other expenses would be pushed down to the, to
19 the operating company.

20 Q Nowhere in this policy is there any reference to payment of
21 judgments or payment of settlements, correct?

22 A Not specifically, no.

23 Q And you said in your supplemental declaration on Paragraph
24 7 -- this was, I think, Exhibit 6, Defendants' Exhibit 6 --
25 that this is done for administrative convenience, correct?

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1 A The original payment. So when a large judgment comes in,
2 there is a specific account that is held by Johnson & Johnson
3 that makes the initial payment and then it is put on the books
4 and records of the, of the operating company.

5 So the administrative part is having a master account that
6 all, you know, the judgments, can be used to, to pay judgments.

7 Q So examples. The Leavitt case, which I tried to verdict in
8 2019, the jury put 78 percent responsibility on Johnson &
9 Johnson, the parent company, 20 percent on Johnson & Johnson,
10 the Consumer company, and 2 percent on Cyprus, Cyprus Mines
11 Company. You know that, right?

12 A I do.

13 Q And that case is all briefed at the California Supreme
14 Court and if they do not petition, my client may get
15 compensation at some point in it. But what J&J does internally
16 is J&J, the parent company, even though the court system
17 allocates 78 percent responsibility, internally, privately,
18 they have, they put all that on JJCI, correct?

19 A Right, pursuant to the assumption of all that liability,
20 that's the responsibility of JJC, of Old JJCI. And that's
21 always been the case. That's always how we, we've accounted
22 for that.

23 Q Well, you wouldn't say that's always been the case. The
24 only document that was provided to me is from yesterday. They,
25 a four-page document dated March 2005, right?